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9 August 1972

MEMORANDUM FOR THE RECORD

SUBJECT: Project [REDACTED]

25X1A

1. Talked to Dr. Donald Chamberlain this date with reference to the Director of Logistics' memorandum of 19 July 1972. The purpose of the call was to tell Dr. Chamberlain that, after further review and discussions with the Office of General Counsel, we wish to reaffirm a point discussed in earlier meetings; to wit, that while the question of advance payments to [REDACTED] and his "new firm" could be considered, there was really no legal way in which, in the absence of a valid contractual relationship, any Agency monies could be advanced to [REDACTED]. The point was made that to attempt to do the latter would, in effect, be giving [REDACTED] Agency money which would be used in setting up the corporation. Dr. Chamberlain said he understood this and really had no intention of suggesting any financial advances to [REDACTED] until we actually had a contract with him.

2. Dr. Chamberlain then proceeded to bring us up to date on the current situation with regard to [REDACTED]. He indicated further that [REDACTED] has taken no steps to severing his relationship with [REDACTED] and, further, [REDACTED] has taken no steps to organizing a corporation. What [REDACTED] did do was to explore with [REDACTED] the possibility of contracts with those organizations to the tune of \$200,000 in the event that [REDACTED] should organize a corporation on his own. Both organizations indicated they had interest in such contracting but said they could make no firm commitments of any kind if for no other reason they did not have any firm funding authorizations at this time.

3. Dr. Chamberlain went on to say that [REDACTED] situation with [REDACTED] is even more complicated now as a result of [REDACTED] failure to bid [REDACTED] out in the recent bid competition. It was based on this loss in the competition that [REDACTED] and [REDACTED] of [REDACTED] came to see Mr. Donald Steininger to sort of see what had happened. Subsequent

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SUBJECT: Project EARSHOT, Mr. Harry Tompkins, and TRW Systems

25X1A to that meeting, [REDACTED] had a meeting with Mr. Carl Duckett which, according to
Chamberlain, almost became something of a "shouting match" with [REDACTED] telling 25X1A
Duckett he couldn't understand the Agency's attitude in this matter in the light of all
the work [REDACTED] had done for the Agency and Carl Duckett replying that it was pretty
evident that the work [REDACTED] had been going downhill lately and, as a matter of fact, the
[REDACTED] project to which [REDACTED] made specific reference in itself had some serious
problems with regard to [REDACTED] and company. This last reference evidently
did it, because it appeared that the [REDACTED] problem was completely new to 25X1A
[REDACTED] As a matter of fact, [REDACTED] called [REDACTED] that afternoon from Washington 25X1A
and set up a meeting with [REDACTED] for 8:15 a.m. on Monday the 21st when [REDACTED] is 25X1A
due back in California. Dr. Chamberlain also indicated that [REDACTED] was to call 25X1A
[REDACTED] as well, but as of this date to the best of his, Chamberlain's, knowledge 25X1A
[REDACTED] and [REDACTED] had not been in contact with each other. Following all this,
Chamberlain added one more bit of info to the effect that his office had had a call from
Defense Systems indicating that [REDACTED] had called their Defense Systems' [REDACTED]
and, in the course of conversation, had indicated that Jack Blake of the Agency had
indicated a "requirement" that [REDACTED] have a contract with someone else first be
fore the CIA would contract with the firm he was intending to create. I told Chamberlain
that, although I was not present at the earlier meetings which Jack Blake and others had
to discuss [REDACTED], I could not believe that Jack had ever suggested that there was a
"requirement" in the terms that he, Chamberlain, had just discussed. Chamberlain
said no, there had been some discussion about the previous [REDACTED] matter and that it had 25X1A
been useful in that situation that a contract had been let with another firm when [REDACTED] 25X1A
came to the Agency. I then said that the word useful was a significant word because,
while it certainly would be useful if [REDACTED] had a contract with somebody else before 25X1A
coming to the Agency for our work, certainly I did not believe that Jack Blake had indi- 25X1A
cated at any time that this was a sine qua non.

25X1A 4. We concluded the conversation with the agreement that we would all sort
of standdown until after [REDACTED] had their meeting next week and then
we would learn more as to what the future looked like for [REDACTED] and company. 25X1A

[REDACTED] 25X1A
Acting Director of Logistics

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1 - DD/L Chrono

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